United Nations DP/CCF/MLW/2

Executive Board of the United Nations Development Programme and of the United Nations Population Fund

Distr.: General
16 June 2001

Original: English

Second regular session 2001
10-14 September 2001, New York
Item 5 of the provisional agenda
Country cooperation frameworks and related matters

Second country cooperation framework for Malawi (2002-2006)

Contents

		Paragraphs	Page
	Introduction	1	2
I.	Development situation from a sustainable human development perspective	2–9	2
II.	Results and lessons of past cooperation	10–17	3
	A. Key results	11	3
	B. Lessons learned	12–17	3
III.	Objectives, programme areas and expected results	18–41	4
	A. Poverty Reduction Strategy Support Programme	25–31	4
	B. Poverty reduction through good governance	32–38	6
	C. HIV/AIDS management	39–41	6
IV.	Management arrangements	42–47	7
Annex			
	Resource mobilization target table for Malawi (2002-2006)		8

01-43807 (E) 230701

Introduction

1. The second country cooperation framework (CCF) for Malawi (2002-2006) is being developed in a period of continuing fundamental changes in the country. The preparatory process was initiated during the evaluation of the first CCF in October 1999. Consultations between UNDP and the Government of Malawi began in 2000. The CCF is based on the 2000 Common Country Assessment (CCA) of Malawi, which was followed by the development of the United Nations Development Assistance Framework (UNDAF) in early 2001. Both the CCA and UNDAF benefited from extensive consultations with key stakeholders, including civil society, during their preparation and review stages. Both documents draw on the Government's Vision 2020, and the ongoing Public Sector Reform Initiative and Poverty Reduction Strategy Paper (PRSP) processes.

I. Development situation from a sustainable human development perspective

2. During the period covering the first CCF (1997-2001), Malawi continued the consolidation of the fundamental processes of political transformation that started in 1994, ushering in multiparty democracy. The second multiparty presidential and parliamentary elections in June 1999 and the conduct of local government elections in November 2000 are part of a larger set of social, economic, political and administrative reforms.

3. These reforms, which include the ongoing decentralization, community participatory and empowerment processes, public sector reforms, and the PRSP as well as the land policy formulation processes, are aimed at addressing the root causes of widespread poverty (65 per cent) and social inequalities in Malawi. Poverty and the HIV/AIDS scourge, two mutually reinforcing challenges affecting about 16 per cent of those 15 to 49 years of age, have since become the central focus of Government's development agenda.

4. The high incidence of poverty in Malawi has resulted in a serious problem of widespread household food insecurity. Recent estimates categorize 40-50 per cent of Malawians as food-insecure. Increasing socio-economic inequalities have aggravated the poverty situation, with results from the 1997/1998 Integrated Household Survey (IHS), indicating a highly skewed income and expenditure distribution (income Gini coefficient of 0.54), with greater inequalities in the urban areas. The results also show a skewed gender distribution of poverty, with a higher poverty proportion of female-headed households.

5. Poverty, and lack of alternative income-generating activities beyond subsistence agriculture, result in many poor people relying on the exploitation of natural resources for their livelihoods, contributing to the depletion and degradation of the country's resource base and the environment.

6. The interim PRSP is the basis of the current economic policy, which focuses on three specific goals: raising the productivity and incomes of the rural poor, with an emphasis on smallholder agriculture; promoting private sector growth to expand non-farm employment; and improving and increasing social services. Policy perspectives include strengthening fiscal discipline, increasing accountability and accelerating liberalization and privatization, while maintaining macroeconomic stability, without losing sight of the overall objective of poverty reduction.

7. With the introduction of decentralization, there are now 39 legally constituted District Assemblies, comprising 3 City, 1 Municipal, 8 Town and 27 District Assemblies. In 1994, the Government adopted a decentralized planning system that is people-centred, structured with the communities as the main focus, followed by the Village, Area, and District Development Committees. To make decentralization an effective mechanism for poverty reduction, the Government has initiated the District Development Fund, a critical part of the resource envelope available to the District Development Committees for their community development activities.

8. The most significant poverty alleviation activities recently implemented in Malawi include the Starter Pack Initiative, recently replaced by the Targeted Inputs Programme, the Safety Net Intervention Programme, and the Malawi Social Action Fund initiative. In addressing these and other issues, the Government realizes that the overarching development problem is poverty reduction, and has, since late 1999, embarked on phased PRSP processes that seek to integrate all its development interventions under the poverty umbrella.

9. In reviewing the emerging global consensus on the pursuit of eradicating poverty and attaining sustainable human development, the CCA also identified poverty, HIV/AIDS and governance as fundamental to the overall development process. These, and the four cross-cutting issues of gender, population, environment and human rights, have been the basis for the preparation of the UNDAF for the period 2002-2006 and are in conformity with priorities in Vision 2020 and the PRSP. The second CCF aims, therefore, at strengthening national capacities to address identified challenges in the focus areas described above, taking advantage of lessons learned from the first CCF and building on recent achievements in the decentralization process, the public sector reform initiative and the post-1994 political dispensation.

II. Results and lessons of past cooperation

10. The key results and lessons learned over the course of the first CCF have been captured in the Country Review Report (October 1999) and evaluations of programmes and experiences from other donor-supported programmes carried out since 1997.

A. Key results

11. The formulation of key national policies and processes and building capacity in governance and democracy, HIV/AIDS, sustainable livelihoods, gender, and environment and natural resources management were the key results achieved. They include the following:

(a) The Local Governance and Development Management Programme (LGDMP), the priority intervention during the first CCF, implemented jointly and in collaboration with the United Nations Capital Development Fund (UNCDF), is influencing policy development and implementation. This is due to an early and clear linkage within the programme of support to policy formulation and the practical piloting of decentralized development planning;

(b) The strategic planning process for HIV/AIDS has led to building broad ownership and consensus around common policy concerns on the national HIV/AIDS response. This is considered as a best practice in HIV/AIDS programming. Furthermore, a multisectoral and results-oriented national HIV/AIDS strategic framework was formulated, and a donor Round Table that assisted the Government to mobilize $110 million from international donors to implement the strategic framework was organized;

(c) Significant advances were achieved in introducing the sustainable livelihoods approach as reflected in the report of the evaluation of the global sustainable livelihoods programme. Of particular note is the framework established for analysing current livelihoods and factors influencing and determining them. In addition, a guide on participatory assessment, planning and implementation for sustainable livelihoods was prepared jointly by UNDP and the Government;

(d) Systems were developed for planning environmental and natural resources utilization as well as for monitoring and reporting on the status of the environment. These were introduced at the district level and capacity-building on their use was carried out.

B. Lessons learned

12. The country review observed that the reduction in UNDP resources should have allowed for a reduction in the scope and coverage of programme areas, and a concentration of resources in a few strategic areas.

13. There is a need for strengthened systems for monitoring and documentation of programme interventions. For example, the transfer of lessons from a wide range of development planning and management procedures developed and tested under LGDMP has been severely hampered by inadequate systematic documentation.

14. There is a trade-off between deploying line ministry staff in implementing programmes and achieving satisfactory progress. There is greater chance of commitment to implementation where the staff are hired to manage a programme or where a programme implementation unit has been established compared to using line ministry staff to implement programmes. However, programmes implemented by line ministry staff have a greater chance of succeeding beyond the lifespan of the project and creating sustainability than those implemented by hired managers and/or programme implementation units. There is, therefore, a

need to focus on national capacity-building for programme management and implementation.

15. In the area of democracy consolidation, there is need for a systematic approach to governance in order to achieve greater medium- and long-term impact, while retaining a certain amount of flexibility to react to emerging priorities. Experience of the sustainable livelihoods programme showed that participatory planning processes are likely to lead to successful implementation when they are linked to a reliable source of funding. They also call for long-term commitment and involvement of external support as well as mobilization of local resources.

16. The strategic opportunity to relate the national gender policy and the National Plan for Action as frameworks for the integrated implementation of the respective areas of focus within the gender programme has not been deliberately tapped, owing to weak capacities in institutions responsible for gender.

17. Both national execution and non-governmental organization (NGO) execution modalities should only be used after comprehensive capacity assessments so as to identify capacity gaps in and provide resources for strengthening national execution and NGO implementation capacities.

III. Objectives, programme areas and expected results

18. The strategy for UNDP cooperation during the period 2002-2006 aims at supporting improved management of national actions intended to enhance efforts in good governance and achieve measurable impact on poverty reduction within the framework of the national policy and the PRSP, as well as combating the HIV/AIDS pandemic. The programme areas for UNDP support, including the thematic cross-cutting issues, reflect priorities around which consensus will be built to create opportunities for programmable synergies and complementarities.

19. The design of the programmes in the second CCF will, where appropriate, incorporate upstream policy interventions. Lessons learned from downstream innovations will contribute towards improved national programme and policy development and improved capacity-building programmes.

20. The country cooperation framework strategy will adopt a resource mobilization approach, which emphasizes intervention in areas and activities that lend themselves to complementarities and co-financing, as these indicate national priorities with broad donor commitment.

21. The United Nations agencies in Malawi have, in principle, agreed to develop joint collaborative programmes around the three focus areas of the UNDAF, and UNDP intends to support their resource mobilization strategy. The ongoing joint UNCDF/UNDP support for decentralization, local development funds, small enterprise credit and community based, co-managed natural resources development will be continued. The United Nations Volunteers (UNV) programme will continue to provide needed capacity at the district and community levels, in support of poverty eradication through governance as well as combating the HIV/AIDS pandemic.

22. In response to the adoption of result-based management and impact assessment, efforts will be made to institute a system of targeting and benchmarking success criteria for activities supporting the business plan and national programmes. Improved quantitative and qualitative indicators in the three thematic areas will be developed and monitored against national programme objectives and strategic results framework outcomes.

23. Support will be provided for the formulation, implementation and monitoring of community development initiatives within the decentralized structures, as well as for strengthening the community-focused outreach capabilities of the central administration in planning, finance, participatory rural development, gender and local governance.

24. UNDP country cooperation during the 2002-2006 cycle will be undertaken in support of the Government's PRSP.

A. Poverty Reduction Strategy Support Programme

25. The objective of UNDP support in the area of poverty reduction strategy development is to build capacities for poverty reduction policy analysis and programming and to promote interventions to empower vulnerable groups to enhance their livelihood base in a sustainable manner. In order to fulfil this objective,

UNDP will provide assistance in the following programme areas: (a) capacity-building for poverty reduction policy, programming and monitoring; (b) promotion of and advocacy for sustainable economic empowerment strategies; and (c) strengthening capacity for technological development and dissemination. These are described below.

26. **Poverty policy analysis, programming and monitoring**. This subprogramme will aim at strengthening national capacities for promoting an enabling environment for the development and implementation of national policies and strategies for the reduction of absolute poverty by half by 2015. The main elements of support will cover capacity-building for poverty policy analysis and programming in key development planning institutions (public and civil society organizations). This will address linkages between poverty reduction and growth strategies, integrating and aligning macroeconomic policy with targets for reducing poverty, and macro-micro linkages. Other elements are: (a) participatory monitoring of poverty reduction strategies (including gender-disaggregated dimensions) at the national and district levels; (b) supporting coordination of poverty reduction strategy implementation at the central and district level; and (c) environmental research, impact assessment and monitoring.

27. Key results will include: (a) the adoption by Government and endorsement by civil society by 2003 of a holistic poverty reduction programme with monitorable targets and agreed benchmarks, covering income and other identified dimensions of poverty; (b) strengthened policy analysis, implementation and coordination capacities of relevant national institutions by 2003; (c) the Government equipped with the capacity to coordinate the implementation of major priority programmes, including its identification, designing, monitoring and evaluation, with minimal external support by 2006.

28. **Promotion of sustainable social and economic empowerment**. This subprogramme will focus on the social and economic empowerment of vulnerable groups by enhancing their status and introducing initiatives to improve their livelihoods. Support will be provided to introduce knowledge-based initiatives for sustainable management and utilization of their asset base, particularly land, for agricultural and non-agricultural activities. It will also promote an integrated approach for improved environmental management, which will contribute to the improvement of their living standards through the development of community-level technologies. In addition, support will be provided for promoting production and marketing associations, including women's entrepreneurship groups and cooperatives; enterprise education in selected training institutions; an enabling environment for sustainable financial intermediation in rural areas; and the development of gainful self-employment through the trickle-up and micro-start schemes. In addition, this programme will entail support to reorient technological development and fabrication capacity in relevant institutions; and advocating for a new science and technology framework that is sensitive to the needs of the poor.

29. Key expected results by 2006 include: (a) increased incomes of the poor in target areas; (b) adoption of community-level technologies for improved environmental protection; and (c) increased livelihood opportunities for the poor.

30. **Capacity-building for information, communication and technology services (ICT) for poverty reduction**. The principal objective of this subprogramme is to promote access to information, communication and technology services, with emphasis on poverty reduction and sustainable human development. The programme will strengthen the enabling environment for the provision and access to ICT by poor communities. UNDP support will be provided to: (a) advocate for development of ICT policy that will facilitate competitive provision of computer-mediated communications in all districts; (b) enhance communications and connectivity between the users and providers of information related to sustainable development; and (c) build capacity for use and application of technologies for computer-mediated communications for education and informed decision-making in social and economic lives of people at household, community and the district levels.

31. Key results will include: (a) ICT policy in place by 2003; (b) increased access to development information for poverty reduction at the district and community levels by 2006; (c) increased socio-economic opportunities for different groups as a result of ICT accessibility by 2006.

B. Poverty reduction through good governance

32. The three governance subprogrammes within the focus area of poverty reduction through good governance are: (a) decentralized governance; (b) support for public sector management reforms; (c) support to democracy consolidation.

33. **Decentralized governance**. The objective of this subprogramme is to support capacity development for implementation and monitoring of the decentralization policy and the Local Government Act. It will address the following issues: (a) human resource development; (b) policy development in areas of local government management, intergovernmental fiscal transfer mechanisms, and demand driven approaches to capacity-building for participatory development; (c) continued support to replication and consolidation of the planning and financial management systems; (d) deepening achievements through further elaboration of devolution below district level; and (e) establishment of an impact monitoring and documentation system.

34. Key results expected include: (a) the establishment of institutional capacities at the central, District Assembly and local levels for decentralization policy analysis and implementation by December 2006; (b) the adoption and implementation of an intergovernmental fiscal transfer framework by December 2006; (c) the institutionalization of revised planning and financing systems and mechanisms in all District Assemblies by December 2005; (d) identifiable operational subdistrict systems for local planning and financing by 2003; and (e) strengthened capacity for community participation and particularly for the empowerment of women, in governance and development management processes and activities by 2006.

35. **Support for public sector management reforms**. The objective of this subprogramme is to provide support for strengthening capacities related to development management in the public sector. The areas of focus in this subprogramme will be: (a) policy/programme development in the public sector; (b) change management in the public sector, focusing on strengthening the coordinating/leadership capacity of public sector reforms in relevant institutions; and (c) developing broad-based capacities for improved aid coordination and debt management.

36. Key results expected include: (a) strengthened government capacities for leadership and coordination in support of public policy implementation by December 2005; (b) a national Public Sector Reform Management Framework in place by December 2004; and (c) formulation of an aid coordination and debt management policy and legal framework by December 2003.

37. **Consolidation of democratic governance**. The objective of this subprogramme is to support the strengthening of institutional structures related to democratic governance. It will focus on strengthening: (a) Parliament, to increase its effectiveness to perform its legislative and oversight functions; (b) electoral structures and processes, focusing on capacity-building of the Malawi Electoral Commission and civil society; (c) constitutional human rights institutions; and (d) civil society and popular participation in democratic and political processes.

38. Key expected results include: (a) increased effectiveness of parliament to perform its legislative and oversight functions by 2006; (b) increased citizen enfranchisement and participation in democratic and electoral processes by 2004; (c) strengthened human rights institutions by 2006; and (d) improved media capacity to advocate democratic governance by 2004.

C. HIV/AIDS management

39. The objective of this component is to address the HIV/AIDS dimension of poverty by strengthening the capacity of national coordinating, implementing and monitoring institutions to effectively carry out their roles and functions in the national response to HIV/AIDS. This will be carried in collaboration with the Joint United Nations Programme on HIV/AIDS (UNAIDS). It will focus on: (a) development of a national HIV/AIDS policy and legal framework, sensitive to gender and human rights, to guide HIV/AIDS management, including multisectoral interventions; (b) HIV/AIDS mainstreaming in public and private sector policies, programmes and projects, especially in the military; and (c) capacity-building for coordinating and advocacy institutions for people living with AIDS (PLWAs); (d) access to services and technologies to overcome the HIV/AIDS pandemic; and (e) support resource mobilization efforts and advocacy and the development of a post-Round Table strategy to monitor the use of resources.

40. Key results expected include: (a) improved capacity of the National AIDS Commission to plan, coordinate and monitor the national response as enshrined in the Malawi National HIV/AIDS Strategic Framework by 2003; (b) strengthened capacity at the district level to implement district HIV/AIDS plans by 2004; (c) strengthened capacity of civil society, especially PLWAs and community-based organizations to carry out advocacy work aimed at improving the management and control of HIV/AIDS by 2003; (d) formulation of HIV/AIDS policy and legal framework and adoption of HIV/AIDS work place strategy by 2003; and (e) improved resource availability and a mechanism to monitor their use by 2006.

41. **Resource allocation**. Fifty per cent of CCF regular resources will be assigned to poverty reduction through capacity-building, empowerment and information technology services for development, 30 per cent to poverty reduction through good governance. In addition, the two focus areas will be assigned equal shares of UNCDF resources. Ten per cent of the balance of CCF regular resources will be assigned to HIV/AIDS management and 10 per cent will be for policy coordination and programme reserve.

IV. Management arrangements

42. The second CCF will promote the use of the programme approach as the instrument for determining the areas and scope of UNDP involvement. The second CCF will therefore support the development of three national programme frameworks in the three focus areas. These programme frameworks will be developed in conjunction with other stakeholders, building on the collaboration initiated in the context of thematic groups established for preparation of the PRSP, CCA and UNDAF. This will facilitate further definition of partnership arrangements and targeted resource mobilization.

43. Government, in collaboration with UNDP, will continue using the Round Table mechanism for generating co-financing for the three national programme frameworks. UNDP, in collaboration with the African Development Bank, will support the Government in aid coordination and debt management. The assistance will be focused at national institutions responsible for programme development, aid coordination and debt management. At the same time, UNDP will support the development of a national aid coordination and debt policy.

44. National execution will continue to be the primary modality for implementation of the second CCF. NGO execution will be promoted alongside national execution, particularly for programmes with district-level interventions. Within national or NGO execution, United Nations agencies and civil society organizations will participate in the implementation of programmes as cooperating partners. To strengthen the use of the national and NGO execution modalities, attention will be given to ensuring that the implementing agencies will have the requisite capacity to manage programmes. Resources will be set aside for a small project that will support programme and project management and build relevant capacities and/or establishing a self-financing business centre under the auspices of the Government or the private sector.

45. Experience of the first CCF and previous cycles show that use of UNVs does not only bring cost-effectiveness in the building of capacities but also reinforces commitment to the achievement of results, particularly at the grass-roots level. The second CCF will continue using UNVs, including national volunteers. Use of other forms of volunteer arrangements such as the Transfer of Knowledge Through Expatriate Nationals and United Nations International Short-Term Advisory Resources will be explored.

46. Joint quarterly coordination meetings between the Government of Malawi and UNDP will be the main mechanism for reviewing progress towards achievement of results. Joint Government-stakeholder field monitoring visits will complement the review meetings. A minimum of two such visits will be carried out each year. At the programme level, each programme will be subject to an annual review. Such reviews will take due cognizance of arrangements that will be established for the PRSP and UNDAF.

47. A mid-term review of the CCF will be undertaken in 2004 at a date to be agreed between the Government and UNDP. The monitoring and review system will reflect the results-oriented focus of the CCF and the corresponding strategic results framework. Monitoring and review will be characterized by the indicators and results outlined in the second CCF.

Annex

Resource mobilization target table for Malawi (2002-2006)

Source	*Amount (In thousands of United States dollars)*	*Comments*
UNDP regular resources		
Estimated carry-over	1 782	Includes carry-over of TRAC 1.1.1, TRAC 1.1.2 and earlier AOS allocations.
TRAC 1.1.1	15 360	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	768	
Subtotal	**17 910**[a]	
UNDP other resources		
Government cost-sharing	-	
Third party cost-sharing	10 000	
Funds, trust funds and other		
of which:		
UNCDF	23 000	
GEF	5 000	
Montreal Protocol	3 000	
Subtotal	**41 000**	
Grand total	**58 910**[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.
Abbreviations: HOS = administrative and operational services; GEF = Global Environment Facility; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core; UNCDF = United Nations Capital Development Fund.